

STEVE W. BERMAN (Pro Hac Vice)  
THOMAS E. LOESER (202724)  
HAGENS BERMAN SOBOL SHAPIRO LLP  
1918 Eighth Avenue, Suite 3300  
Seattle, WA 98101  
Telephone: (206) 623-7292  
Facsimile: (206) 623-0594  
steve@hbsslaw.com  
toml@hbsslaw.com

ALI ABTAHI (224688)  
IDENE SAAM (258741)  
ABTAHI LAW FIRM  
P.O. Box 29450  
San Francisco, CA 94129  
Telephone: (650) 341-1300  
Facsimile: (650) 341-1303  
aabhahi@abhahilaw.com  
isaam@abhahilaw.com

Attorneys for Plaintiffs and the Proposed Class

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
OAKLAND DIVISION

MAUDER and ALICE CHAO;	)	Case No.: CV-10-3118-SBA
	)	
DEOGENESO and GLORINA PALUGOD;	)	
	)	<b>PLAINTIFFS' RENEWED TRIAL PLAN</b>
and	)	
	)	
MARITZA PINEL,	)	
	)	
individually and on behalf of all others	)	
similarly situated,	)	
	)	
Plaintiffs,	)	
	)	
vs.	)	
	)	
AURORA LOAN SERVICES, LLC,	)	
	)	
Defendant.	)	

## I. INTRODUCTION

Plaintiffs Mauder and Alice Chao, Deogeneso and Glorina Palugod, and Maritza Pinel (“Plaintiffs”) propose to represent two classes and a subclass, as follows. First, a class of persons like themselves to whom Aurora sent standard form correspondence (the “Workout Agreement”) that violates California’s Rosenthal Fair Debt Collection Practices Act, CAL. CIV. CODE §§ 1788, *et seq.* (the “Rosenthal Act”) on or after June 8, 2009<sup>1</sup> (the proposed “Rosenthal Class”).

Second, Plaintiffs seek to represent a class of persons like themselves to whom Aurora sent a Workout Agreement after June 8, 2006<sup>2</sup>, who made the payments required under the Workout Agreement, but were not provided a review for modification or other opportunity to cure their arrearage during the term of the Workout Agreement, subsequently lost their homes to foreclosure, and are thus entitled to restitution of their trial payments and/or contractual damages as set forth in the SCAC (the proposed “Restitution Class”).

Third, Plaintiffs seek to represent a subclass of persons like themselves who are members of the Restitution Class and made additional payments to Aurora after the end of their Workout Agreement (the proposed “Excess Payment Subclass”).

## II. PLAINTIFFS WILL USE COMMON EVIDENCE TO OBTAIN AN AGGREGATE JUDGMENT IN FAVOR OF THE CLASSES AND SUBCLASS

Plaintiffs will use common evidence to obtain an aggregate judgment in favor of the Rosenthal Class, the Restitution Class and the Excess Payment Subclass. *See In re Worldcom, Inc. Secs. Litig.*, 2005 WL 517331, at \*4 (S.D.N.Y. 2005) (benefits of aggregate damage award in class action).

For the Rosenthal Class, the amount of the judgment is capped at \$500,000, and is to be determined by the Court based on articulated, class-action-specific, common factors, specifically “the frequency and persistence of noncompliance by the debt collector, the nature of such noncompliance, the resources of the debt collector, the number of persons adversely affected,

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<sup>1</sup> The Rosenthal Act has a one-year statute of limitations, thus only those borrowers who were sent the Workout Agreement within one year prior to the filing of the *Pinel* complaint are in the Rosenthal Class.

<sup>2</sup> The remaining claims for relief in the SCAC have a four-year statute of limitations, thus the Restitution Class includes all those sent the Workout Agreements on or after June 8, 2006.

1 and the extent to which the debt collector's noncompliance was intentional." 15 U.S.C. §  
 2 1692k(b)(2). Each and every one of these factors is Class-wide evidence concerning Aurora and  
 3 its practices vis-à-vis the Rosenthal Class as a whole.

4 For the Restitution Class, which consists of borrowers sent the Workout Agreement who  
 5 made the payments required by their Workout Agreement but were not provided an opportunity  
 6 to cure their arrearage after successful completion of their Workout Agreement, and then lost  
 7 their homes to foreclosure, the judgment under Count VII (Unfair Competition Law) will include  
 8 an order of restitution of the aggregate amount of the trial period payments they made to a  
 9 common fund for their benefit. CAL. BUS. & PROF. CODE § 17203. Plaintiffs also seek to recover  
 10 these same funds as damages under the Rosenthal Act (Count V), damages under their breach of  
 11 contract claims (Counts III & IV), and/or damages under their quasi-contract claims (Counts I,  
 12 II, & VI).

13 For the Excess Payment Subclass, which is defined to include members of the Restitution  
 14 Class who made additional payments to Aurora after the term of the Workout Agreement, the  
 15 judgment will include an order of restitution/damages (as noted under each claim above),  
 16 constituting the payments Excess Payment Subclass members made to Aurora after the term of  
 17 their Workout Agreements expired.

18 Specifically, Plaintiffs propose to proceed post-certification through trial as follows:

19 **A. Pre-trial proceedings**

20 **1. Rosenthal Class list**

21 Attached hereto as Exhibit A is the Rosenthal Class list. This list sets forth the loan  
 22 number and date for each borrower to whom Aurora sent a Workout Agreement in California on  
 23 or after June 8, 2009. Based on the information provided to date by Aurora, and its discovery  
 24 verifications, Plaintiffs believe this list to be accurate and complete. That is, it contains all  
 25 California borrowers who received a substantially identical Workout Agreement as Plaintiffs  
 26 during the statute of limitations period applicable to the Rosenthal Act claim. From this list of  
 27 loan numbers, Aurora can generate a class notice list including loan numbers, names, last known  
 28 address, and so forth through electronic queries.

1                   **2.       Restitution Class List<sup>3</sup>**

2                   Attached as Exhibit B is Plaintiffs' preliminary Restitution Class list. This list contains  
3 the loan number associated with each borrower in California who: (1) was sent a Workout  
4 Agreement on or after June 8, 2006; (2) made all the payments required by the Workout  
5 Agreement; and (3) did not get an opportunity to cure and was, therefore, foreclosed. The  
6 Restitution Class list sets forth the total amount paid to Aurora under the borrower's Workout  
7 Agreement. If liability is established, the Restitution Class list can be used to calculate the pro-  
8 rata amount of the aggregate restitution/damages award to be sent to each Restitution Class  
9 member.

10                   **3.       Excess Payment Subclass List**

11                   Attached as Exhibit C is Plaintiffs' preliminary Excess Payment Subclass list. The  
12 Subclass list contains the loan number for each Restitution Class member who made payments to  
13 Aurora after the end of their Workout Agreement term. The list sets forth the total amount of  
14 such payments made. If liability is established, the Excess Payment Subclass list can be used to  
15 calculate the pro-rata amount of the aggregate restitution/damages award to be sent to each  
16 Excess Payment Subclass member.<sup>4</sup>

17                   **4.       Notice**

18                   As the class lists include mortgage loan numbers and associated information, the notice  
19 can be sent to each class member's last known home address or forwarding addresses obtained  
20 by reference to the home address. To the extent that Aurora maintains electronic data such as

21                   <sup>3</sup> As noted in Plaintiffs' class certification brief, on the eve of the filing of this trial plan, counsel  
22 for Aurora sent an email to Plaintiffs' counsel indicating Aurora intended to provide updated  
23 class membership data. *See* Declaration of Thomas E. Loeser in Support of Plaintiffs' Renewed  
24 Motion for Class Certification, ¶¶ 21-22. The updated data will not change Rosenthal Class  
25 membership. *See id.* To the extent it changes class membership and damages/restitution amounts  
for Restitution Class members and Excess Payment Subclass members, Plaintiffs will provide  
updated Class lists and damages calculations with their reply. The new data will not change the  
process described in this Trial Plan.

26                   <sup>4</sup> The Excess Payment Subclass list, as currently constituted with 1,538 loan numbers and a total  
27 of \$8,566,063 in post-plan payments, conservatively states the number of Excess Payment  
28 Subclass members and therefore, the full measure aggregate damages. Additional data, as set  
forth above in Note 3, may identify additional Restitution Class members. To the extent such  
additional Restitution Class members made post-plan payments, they would also be Excess  
Payment Subclass members.

1 email addresses and social security numbers associated with loan numbers, those may be helpful  
2 for tracing purposes.

### 3 **5. Calculation of Aggregate Damages**

4 Aggregate damages for the Rosenthal Class are capped at \$500,000. For the Restitution  
5 Class and the Excess Payment Subclass, the respective Class and Subclass list will provide the  
6 precise amount of damages/restitution for each Class and Subclass member. To the extent  
7 judgment exceeds (through punitive damages) or is less than (for example, if notice costs or fees  
8 are drawn from an aggregate award) the total of the payments set forth in the Class and Subclass  
9 lists, amounts to be sent each class member based upon the pro-rata share of the aggregate can be  
10 easily calculated.

### 11 **B. Common Trial Evidence**

12 Assuming trial of the Rosenthal Act, contract claims, quasi-contract claims and UCL  
13 liability and damages occur at the same time, all issues may be determined based on the  
14 following evidence:

- 15 1. The Workout Agreement, on the issue of whether it is deceptive under the  
16 objective “least sophisticated debtor” standard of the Rosenthal Act;
- 17 2. The Workout Agreement, on the issue of whether it was unconscionable and/or  
18 lacking in consideration or there was a failure of consideration;
- 19 3. The Workout Agreement, if enforceable, on the issue of what contractual  
20 obligations and benefits imbued to Class members and Aurora;
- 21 4. Aurora’s policies and practices regarding the Workout Agreement program,  
22 through its 30(b)(6) designees Helen Placente and Steven Froning, and other yet  
23 to be determined witnesses. This evidence will be offered on the issues of (1)  
24 Aurora’s interpretation of the Workout Agreement; (2) whether the Workout  
25 Agreement was deceptive, unconscionable, and/or lacking in consideration; (3)  
26 Aurora’s program of incentivizing employees to convince borrowers to enter into  
27 Workout Agreements; (4) Aurora’s policy of encouraging borrowers to continue  
28 to make payments after their Workout Agreements ended; (5) Aurora’s profit  
maximization and expense minimization benefits of placing borrowers in  
Workout Agreements; (6) the timeliness of review for modification under the  
Workout Agreements; (7) the lack of provision of an opportunity to cure arrearage  
under the Workout Agreement; (8) the dual-tracking of Workout Agreements with  
foreclosure; (9) the affirmative issue of damages; (10) the authentication of  
Aurora’s documents (if necessary); (11) punitive damages; and (12) other matters  
as may become apparent during further discovery. It will also be offered against  
Aurora’s presumed defense to the Rosenthal Act that its violations were “not  
intentional and resulted notwithstanding the maintenance of procedures  
reasonably adopted to avoid” them. *See* CAL. CIV. CODE § 1788.30(e).



1 DATE: November 16, 2012

**HAGENS BERMAN SOBOL SHAPIRO LLP**

2  
3 By: /s/ Thomas E. Loeser

4 Steve W. Berman (*Pro Hac Vice*)  
5 Thomas E. Loeser (Cal. Bar No. 202724)  
6 1918 Eighth Avenue, Suite 3300  
7 Seattle, WA 98101  
8 Telephone: (206) 623-7292  
9 Facsimile: (206) 623-0594  
10 steve@hbsslaw.com  
11 toml@hbsslaw.com

12 Andrew Oldham (144287)  
13 LAW OFFICE OF ANDREW OLDHAM  
14 901 Campisi Way, Suite 248  
15 Campbell, CA 95008  
16 Telephone: (888) 842-4930

17 T. Christopher Tuck  
18 RICHARDSON, PATRICK, WESTBROOK &  
19 BRICKMAN, LLC  
20 1037 Chuck Dawley Blvd., Bldg A  
21 PO Box 1007  
22 Mt. Pleasant, SC 29464  
23 (843) 727-6515  
24 ctuck@rpwb.com

25 Ali Abtahi (224688)  
26 Idene Saam (258741)  
27 ABTAHI LAW FIRM  
28 P.O. Box 29450  
San Francisco, CA 94129  
Tel: (650) 341-1300  
Fax: (650) 341-1303  
aabtahi@abtahilaw.com  
isaam@abtahilaw.com

*Attorneys for Plaintiff and the Class*